

City of La Quinta

OVERSIGHT BOARD MEETING: September 16, 2015

STAFF REPORT

AGENDA TITLE: ADOPT RESOLUTION APPROVING SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR JANUARY 1 THROUGH JUNE 30, 2016

RECOMMENDATION

Adopt a resolution approving the Successor Agency Administrative Budget for the period of January 1 through June 30, 2016.

EXECUTIVE SUMMARY

- The La Quinta Successor Agency (SA) administers the former Redevelopment **Agency's wind**-down activities and the Oversight Board (OB) must approve SA actions.
- ABx1 26 (Dissolution Act) authorizes an administrative allowance to carry out wind-down activities; the allowance may not exceed three percent of the property tax allocation listed on the Recognized Obligation Payment Schedule, subject to review and approval by the Department of Finance (DOF).
- The ABx1 26 requires the SA to prepare an administrative budget every six months.
- Once the budget is approved by the SA, the OB is required to review and approve it.

FISCAL IMPACT

For the period of January 1 through June 30, 2016, the property tax allocation for non-administrative costs totals \$7,370,754. Three percent of this total is \$221,123 and the total expected administrative costs for the period are \$221,123.

BACKGROUND/ANALYSIS

ABx1 26 provides an administrative allowance for all successor agencies to carry out wind-down activities of the former redevelopment agencies and to administer the oversight boards.

The estimates below include staff time required to carry out SA and OB activities:

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|------------------------------|------------|
| Personnel Costs | \$ 158,509 |
| Professional Costs | \$ 42,550 |
| Supplies/Publications | \$ 4,064 |
| Printing/Mailing/Advertising | \$ 1,000 |
| Information Technology Costs | \$ 8,000 |
| Office & Equipment Costs | \$ 7,000 |
| | |
| Total Administrative Costs | \$ 221,123 |

The two major cost components are personnel costs and professional contract services. Personnel costs are related to City staff time required to manage SA affairs. The contract services costs are legal counsel, audit, and consulting services (as may be required). The detailed administrative budget for this time period is included as Exhibit A to the resolution. Once the SA reviews and approves the administrative budget, the budget must be reviewed and approved by the OB.

While ABx1 26 does not require administrative budgets to be submitted to the DOF, the DOF does review the actions of oversight boards the day after the oversight board meeting takes place. **Therefore, the DOF may question an oversight board's approval of a SA's administrative budget.**

ALTERNATIVES

As this is a requirement of the DOF, staff does not recommend an alternative.

Report prepared by: Rita Conrad, Finance Director

Report approved by: Frank J. Spevacek, Executive Director

RESOLUTION NO. OB 2015 - 004

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LA QUINTA REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD OF JANUARY 1, 2016 THROUGH JUNE 30, 2016.

WHEREAS, the Oversight Board of the Successor Agency to the La Quinta **Redevelopment Agency (“Oversight Board” or “Successor Agency,” as applicable)** has been established to direct the Successor Agency to take certain actions to wind down the affairs of the former La Quinta Redevelopment Agency (“Agency”) in accordance with the California Health and Safety Code; and

WHEREAS, the Agency was engaged in activities to execute and implement the Project Area No. 1 Redevelopment Plan and the Project Area No. 2 Redevelopment Plan **(collectively, the “Redevelopment Plans”)** pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) (“CRL”); and

WHEREAS, as part of the 2011/2012 State budget bill, the California Legislature enacted and the Governor signed, ABx1 26 requiring that each redevelopment agency be dissolved; and

WHEREAS, an action challenging the constitutionality of ABx1 26 and companion bill ABx1 27 was filed in the California Supreme Court by the California Redevelopment Association, the League of California Cities, and two individual cities; and

WHEREAS, on December 29, 2011, the Court upheld ABx1 26; and

WHEREAS, Health and Safety Code Section 34177(j) requires each successor agency to prepare a proposed administrative budget every six months setting forth the successor agency’s estimated administrative costs of carrying out the wind-down activities of the former redevelopment agency, proposing sources of payment for such estimated administrative costs, and proposing for arrangements for administrative and operations services provided by a city, county and/or other entity; and

WHEREAS, the Successor Agency has prepared a proposed administrative budget for the six-month period January 1, 2016 through June 30, 2016 (the “Administrative Budget”); and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, BE IT RESOLVED the Oversight Board of the Successor Agency to the La Quinta Redevelopment Agency does hereby resolve as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. Approval of Administrative Budget. The Oversight Board hereby approves the Administrative Budget, which Administrative Budget is attached hereto as Exhibit A.

SECTION 3. Severability. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 4. The Oversight Board Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED at the meeting of the Oversight Board held this 16th day of September, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

LEE OSBORNE, Chairperson
Oversight Board of the Successor Agency to
the La Quinta Redevelopment Agency

ATTEST:

PAM NIETO
Oversight Board Secretary

EXHIBIT A

SUCCESSOR AGENCY/OVERSIGHT BOARD ADMINISTRATIVE BUDGET

January 1, 2016 to June 30, 2016
(Submitted on ROPS 15-16B)

PERSONNEL **\$158,509**

Includes base salary plus benefits for Finance, City Clerk, and City Manager's Office to administer Successor Agency functions and to administer Oversight Board support.

SUPPLIES & SERVICES

CONTRACT SERVICES **\$42,550**

This account provides for legal, consulting, and audit services plus a portion of League of California Cities and California Redevelopment Agency dues related to technical assistance and training.

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| Audits as required by ABx1 26 | \$5,000 |
| League of California Cities Dues & Seminars/Webinars related to ABx1 26 | \$1,950 |
| Legal Services for Successor Agency | \$25,000 |
| Consulting Services for Successor Agency | \$10,600 |

SUPPLIES AND PUBLICATIONS **\$4,064**

This account provides for various office supplies and publications to be used by SA and OB staff and board members

| | |
|--|---------|
| Successor Agency Supplies & Publications | \$2,564 |
| Oversight Board Supplies & Publications | \$1,500 |

PRINTING/MAILING/ADVERTISING **\$1,000** **\$1,000**

This account provides for required mailings, agenda printing, and legal advertising

INFORMATION TECHNOLOGY **\$8,000**

This account provides for annual replacement charges for information technology items such as computers, printers, and computer related items attributable to SA/OB; and support/hosting for SA/OB web pages, which are required by ABx1 26

\$5,500

| | |
|---|---------|
| Computer Document Storage related to Successor Agency | \$2,000 |
| On-Line Muni Code related to Successor Agency | \$500 |

OFFICE & EQUIPMENT **\$7,000**

This account provides for office space rental and equipment usage in City Hall

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|-----------|---------|
| Rent | \$5,000 |
| Equipment | \$2,000 |

TOTAL ADMINISTRATIVE BUDGET **\$221,123**

FUNDING SOURCES:

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|----------------------------|-----------|
| Total Administrative Costs | \$221,123 |
|----------------------------|-----------|

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|---|-----------|
| 3% Administrative Allowance per ROPS 15-16A | \$221,123 |
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| Excess Administrative costs | \$0 |
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